



Oil, Gas, and Mining in Utah

John Baza, Director
Utah Division of
Oil, Gas and Mining

Energy Working Group

September 21, 2010

Utah Department of Natural Resources



**Forestry, Fire
and Sovereign
Lands**

**Geological
Survey**

**Oil, Gas
and Mining**

**Michael R. Styler
Executive Director**

**Parks and
Recreation**

**Water
Resources**

Water Rights

**Wildlife
Resources**

Utah Division of Oil, Gas, and Mining



Oil and Gas

Coal

**John R. Baza
Director**

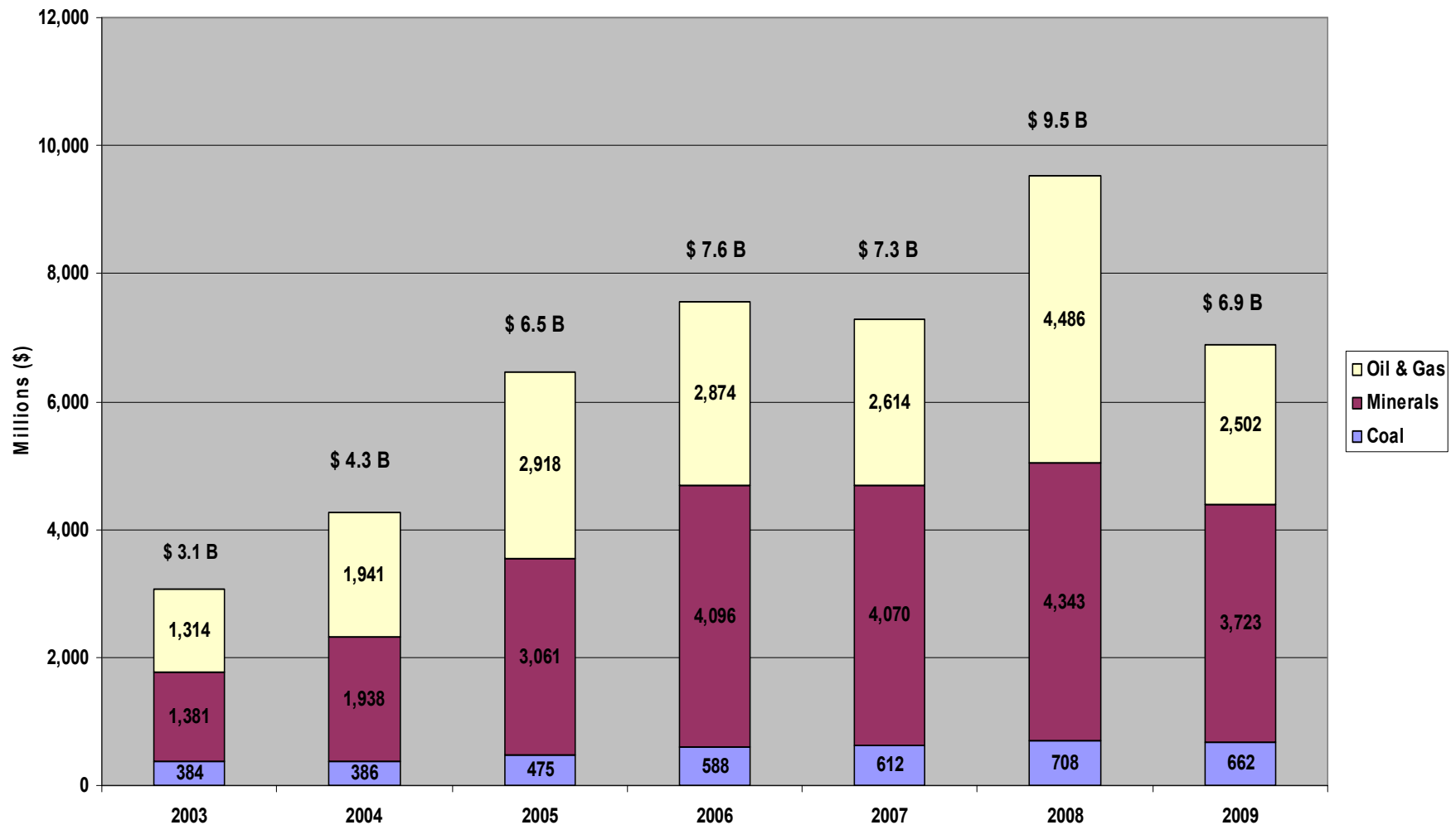
Minerals

**Abandoned Mine
Reclamation**

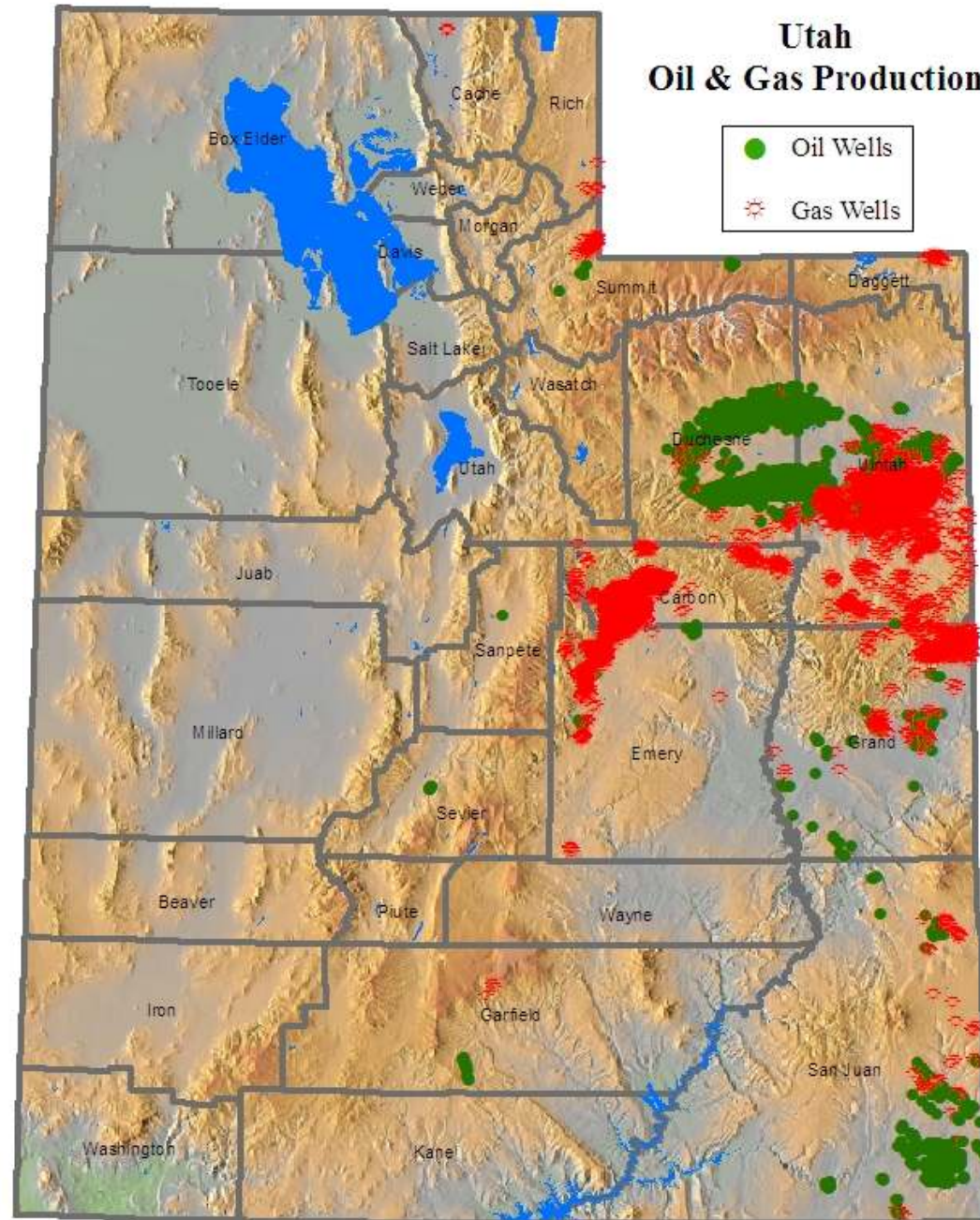
Board of Oil, Gas and Mining

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Utah Extractive Industries Production Sales Value



Utah Oil & Gas Production



January 22, 2009

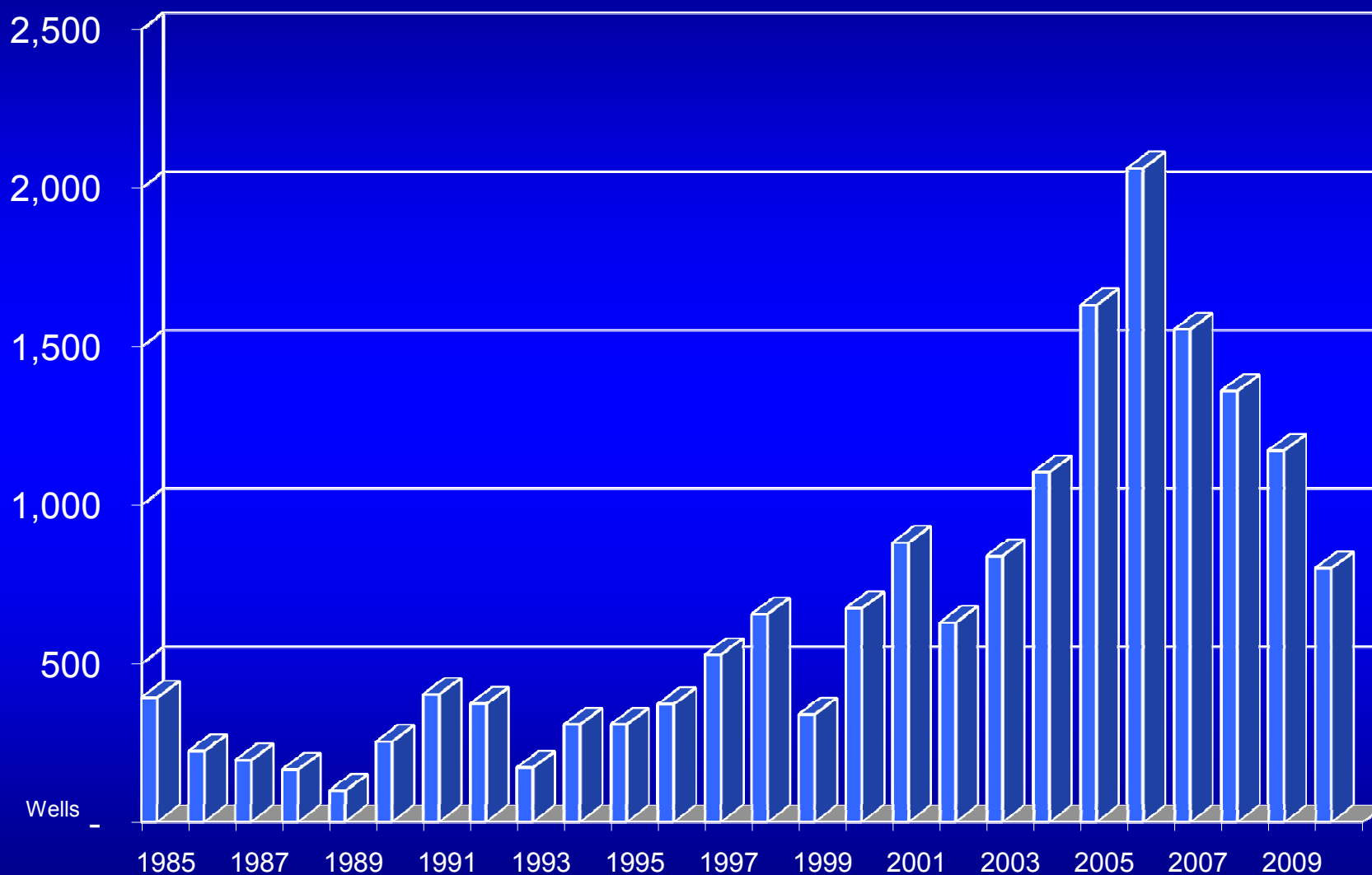
Petroleum Price Volatility

Commodity	12/31/08	2009 High	2009 Low	12/31/09
Crude oil, \$/bbl (WTI)	44.60	81.37	33.98	79.36
Natural gas, \$/MCF (Opal, WY)	4.66	5.84	1.32	5.58

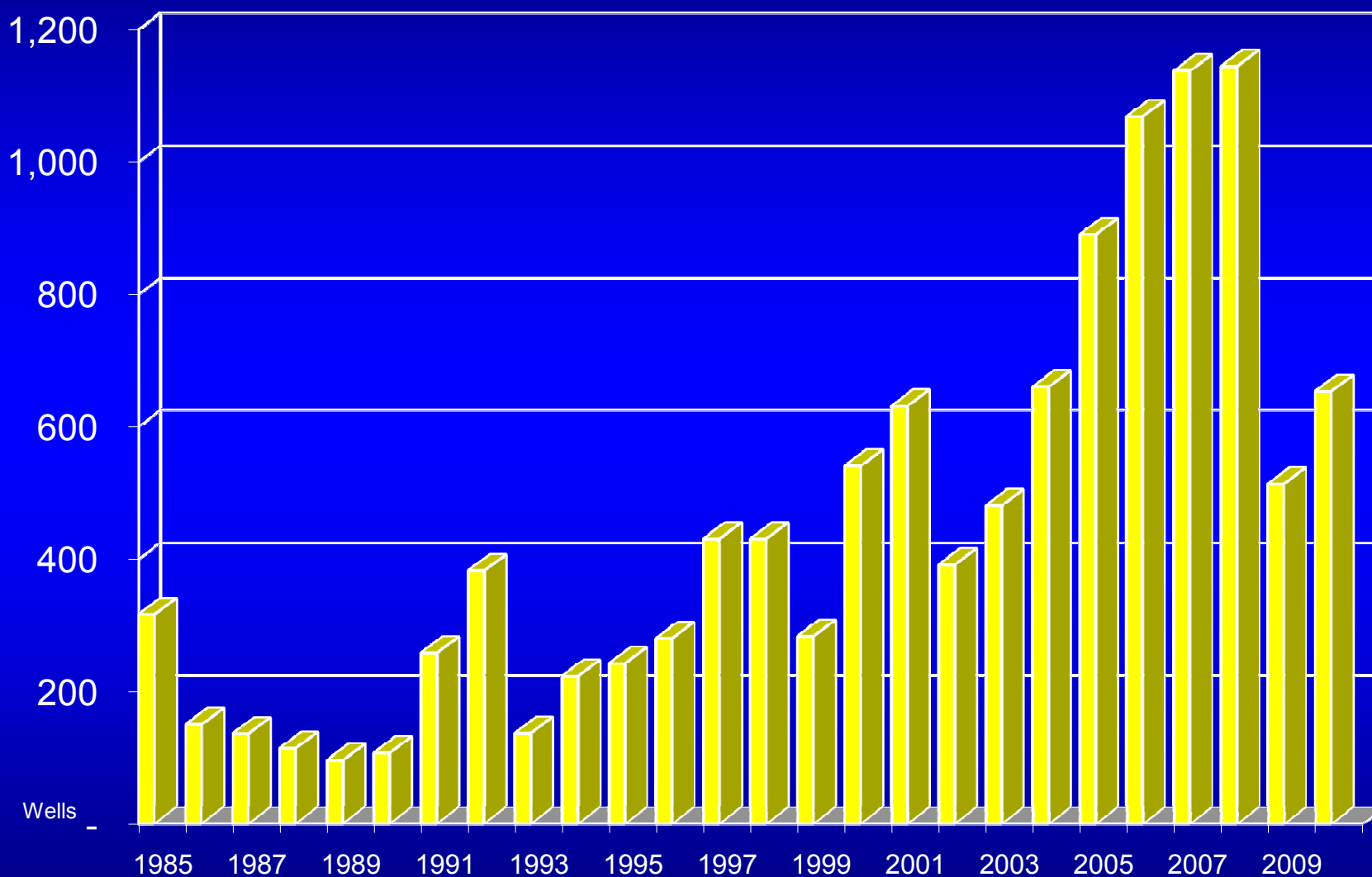
Current Prices as of 9/17/10:

Crude oil = 73.66 \$/bbl, Natural gas = 3.76 \$/MCF

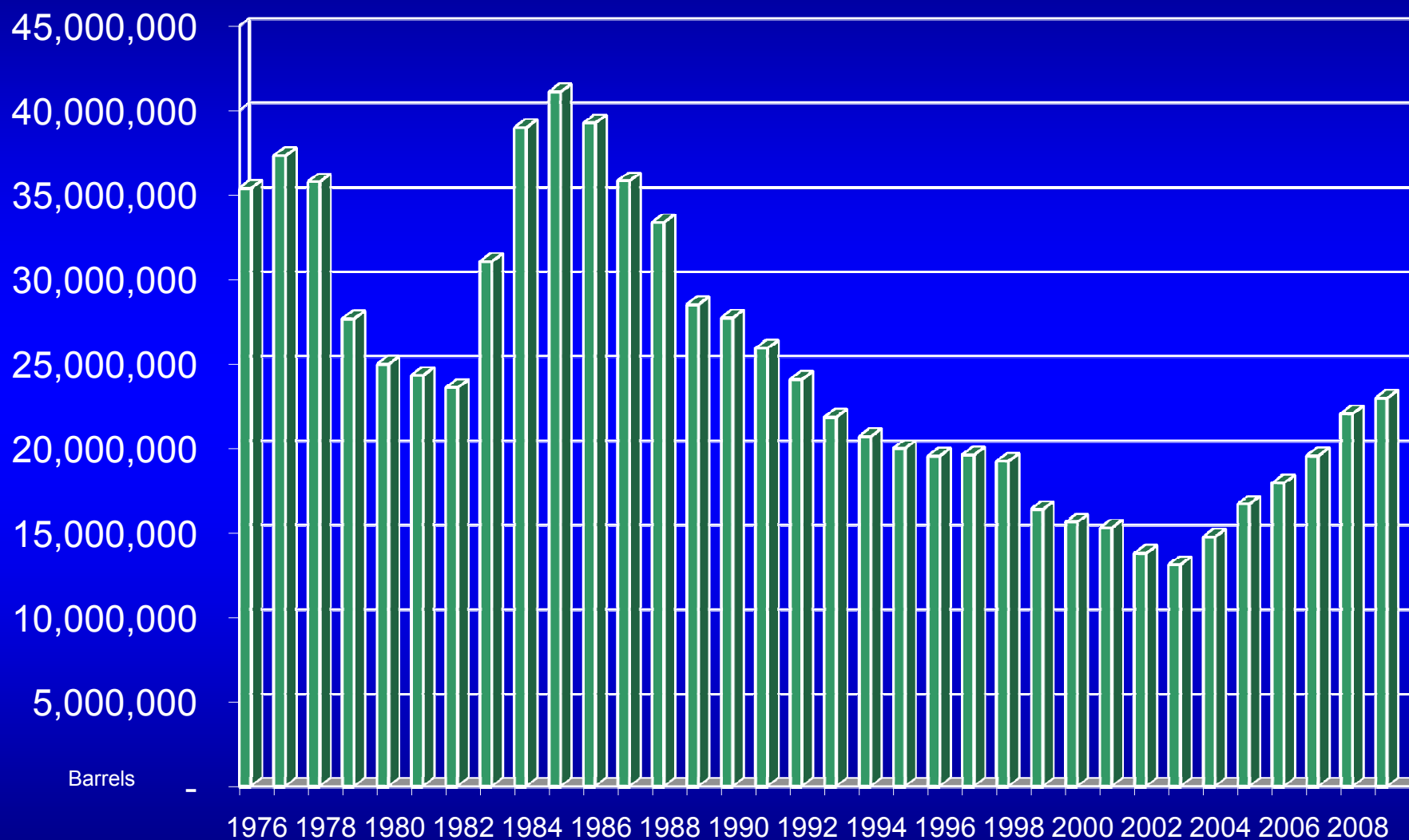
Utah Applications for Permit To Drill



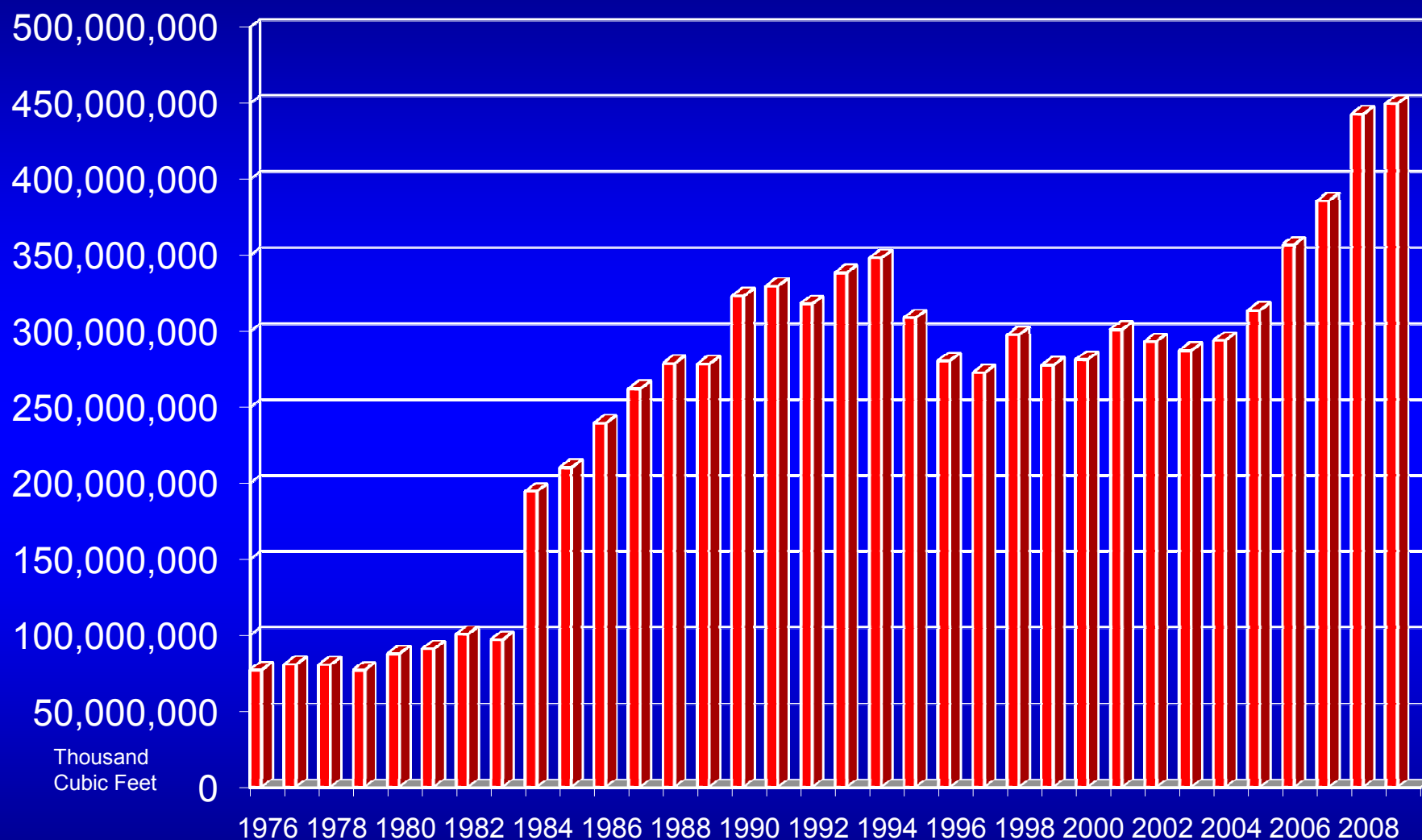
Utah Drilling Commenced



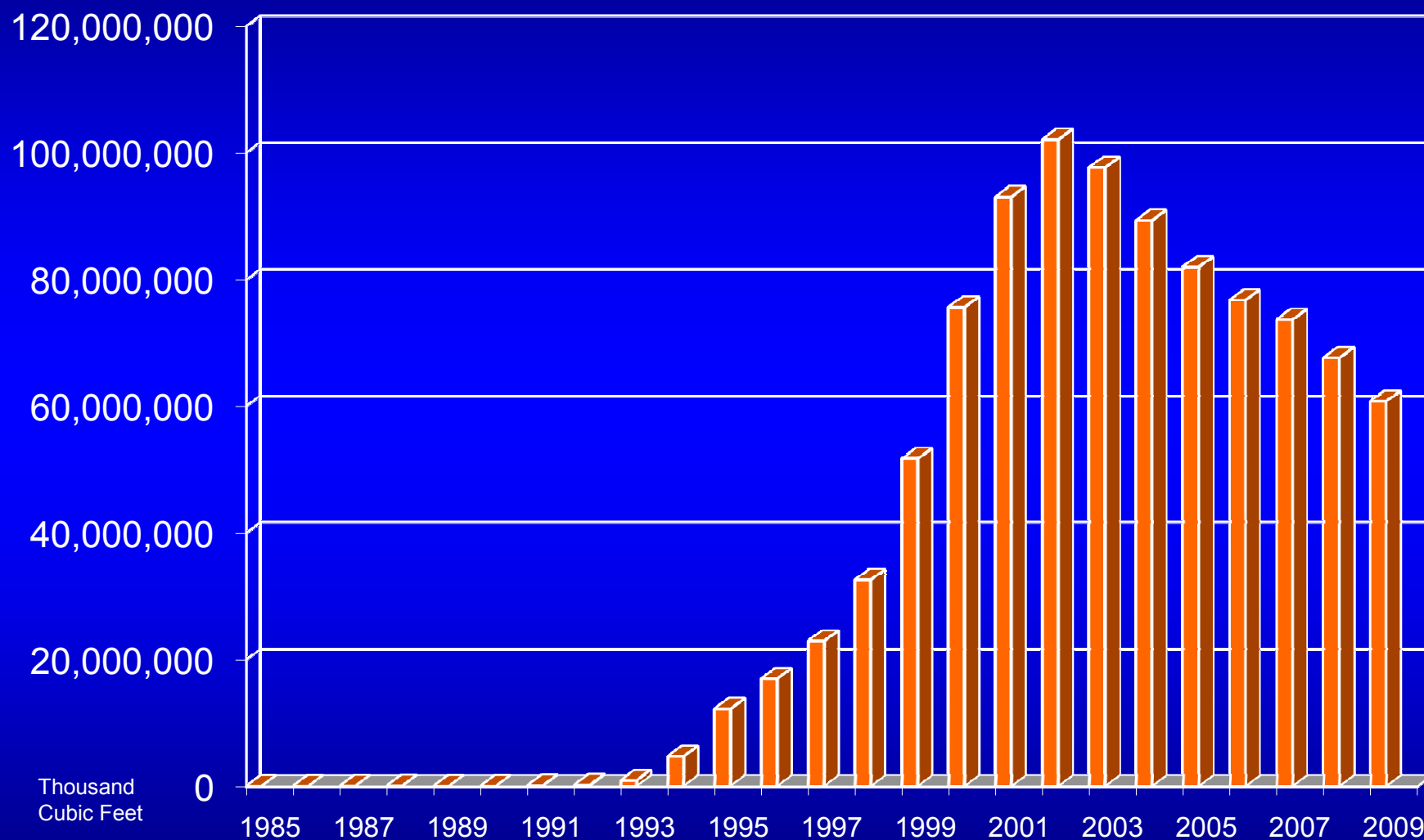
Utah Crude Oil Production



Utah Natural Gas Production



Utah Coalbed Methane Gas Production



Where is the oil and gas activity?

- 50.8% in Uintah County (natural gas)
- 44.7% in Duchesne County (Black/Yellow Wax oil)
- 4.4% in all other counties
- Deep gas development in eastern Carbon Co. (West Tavaputs/Nine Mile Canyon)
- Continuing central Utah development (Covenant field was 13.3% of state's oil production in 2009)
- Potential 10-acre and 20-acre development for certain oil and gas fields in the Uinta Basin



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Welcome...



The state of Utah is ranked 13th in the country in crude oil production and 8th in natural gas production (Energy Information Administration; rankings based on 2007 production, not including Federal Offshore production areas). There are approximately 8,600 wells currently in production within the state.

The Oil and Gas Program of the Utah Division of Oil, Gas and Mining (part of the Department of Natural Resources) was established in 1955 to prevent the waste of oil and natural gas, encourage conservation and protect correlative rights of oil and natural gas owners.

Our Mission today is to promote the exploration, development and conservation of oil and natural gas resources in Utah, to foster a fair economic return to the general public for such resources, and to maintain sound regulatory practices to ensure environmentally acceptable activities.

News and Announcements...

Sundry Notices can now be filed electronically! NEW

Utah oil and gas operators can now submit miscellaneous reports of well operations (Form 9, Sundry Notices and Reports on Wells) through the division's **ePermit system** (NOTE: Prior to filing reports electronically, companies must first submit an **ePermit registration form** to the division).

Notice to Drilling Companies - Proper Disposal of Drilling Mud

All drilling mud and other by-products from the drilling process that are normally present in the reserve pit after drilling should remain and be mitigated in place. In the future no drilling mud, sludge, or any other wet non-water materials from reserve pits and the drilling process will be allowed at land-farms or other disposal facilities. [Click here](#) to learn more.

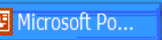
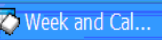
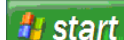
Electronic permitting is now available!

Utah oil and gas operators can now submit Applications for Permit to Drill (APDs) through the Utah Division of Oil, Gas and Mining's **ePermit system** (NOTE: Prior to filing for permits electronically, companies must first submit an **ePermit registration form** to the division).

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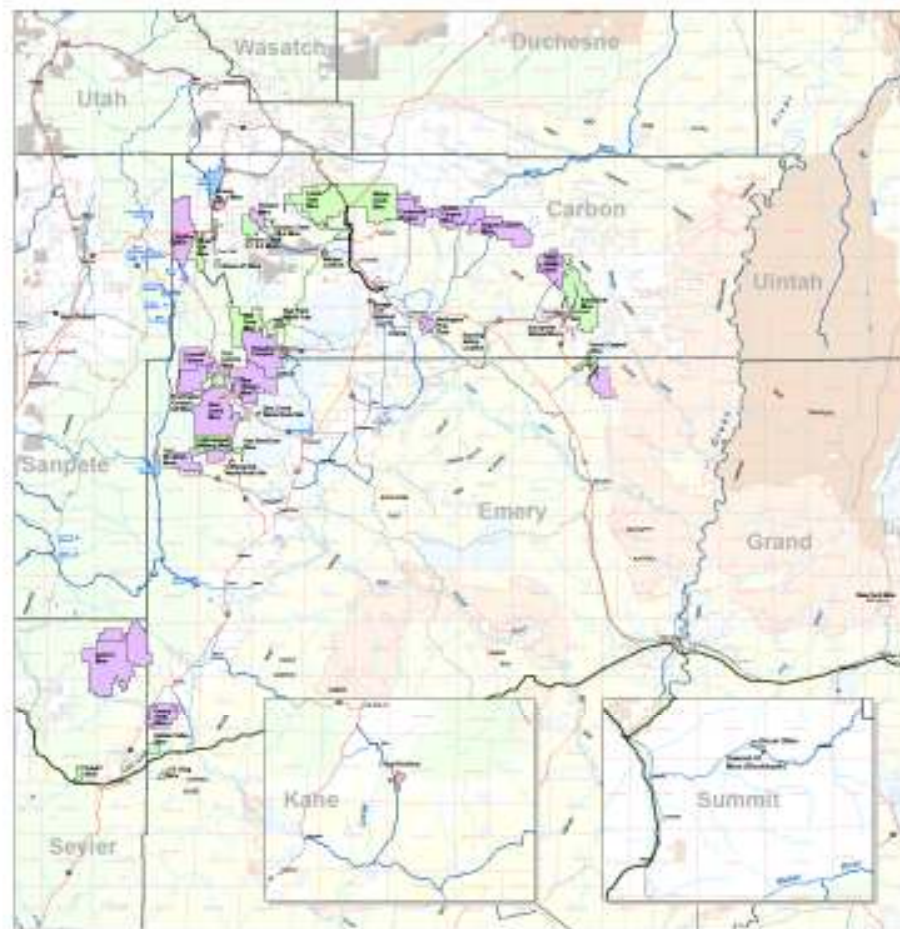
Coal

- Utah's 9 producing coal mines (7 companies) are located along the Book Cliffs and in the Wasatch Plateau – Carbon, Emery, and Sevier Counties
- 2009 coal production = 21.9 million tons*
- 9.7% decrease in production compared to 2008*
- Forecast for 2010 coal production = 19.1 million tons*
- Coal accounts for 82.1% of Utah's electrical generation (natural gas provides 14.8%)*

*From Utah Geological Survey, Coal Report – 2009 Advance Tables

Coal (cont.)

- Lila Canyon coal mine started producing coal in May 2010
- On August 3rd, BOGM issued decision in SUWA protest of the Coal Hollow mine in Kane County proposed by Alton Coal Development LLC – ***DOGM permit approval is upheld***

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Minerals

- Active mineral mines: 107 large and 188 small mines
- Estimated value of 2009 non-fuel mineral production – \$3.7 billion*
 - Base metals – \$2.13 billion (-26%)*
 - Industrial minerals - \$955 million (-9%)*
 - Precious metals – \$635 million (+63%)*
- Ranked 3rd nationally in 2009 non-fuel production*

*From Utah Geological Survey, 2009 Summary of Mineral Activity in Utah

Minerals (cont.)

- Copper – Bingham Canyon (Salt Lake County) and Lisbon Valley (San Juan County) mines; limited activity in Beaver County
- Other minerals – beryllium, molybdenum, gypsum, magnesium, salts, potash
- Construction materials – residential construction down, but road material is up (related to stimulus funds)
- Energy related:
 - Uranium – slowed down from prior years, but recent price increases have significantly increased interest and activity
 - Oil shale/tar sands – still steady interest, but commodity price controls activity

Current/Recent Minerals News

- 2009 approval of PR Springs tar sands operation has been affirmed by director
- Red Leaf Resources (oil shale) is seeking to modify their permit to enable expansion
- White Canyon began producing from the Daneros uranium mine in late 2009
- CML Metals Corp. has restarted operations at the Iron Mountain mine west of Cedar City
- Chief Consolidated Mining Corp. intends to reopen the Burgin Extension silver mine near Eureka
- Rio Tinto plans to construct a molybdenum autoclave facility in Magna

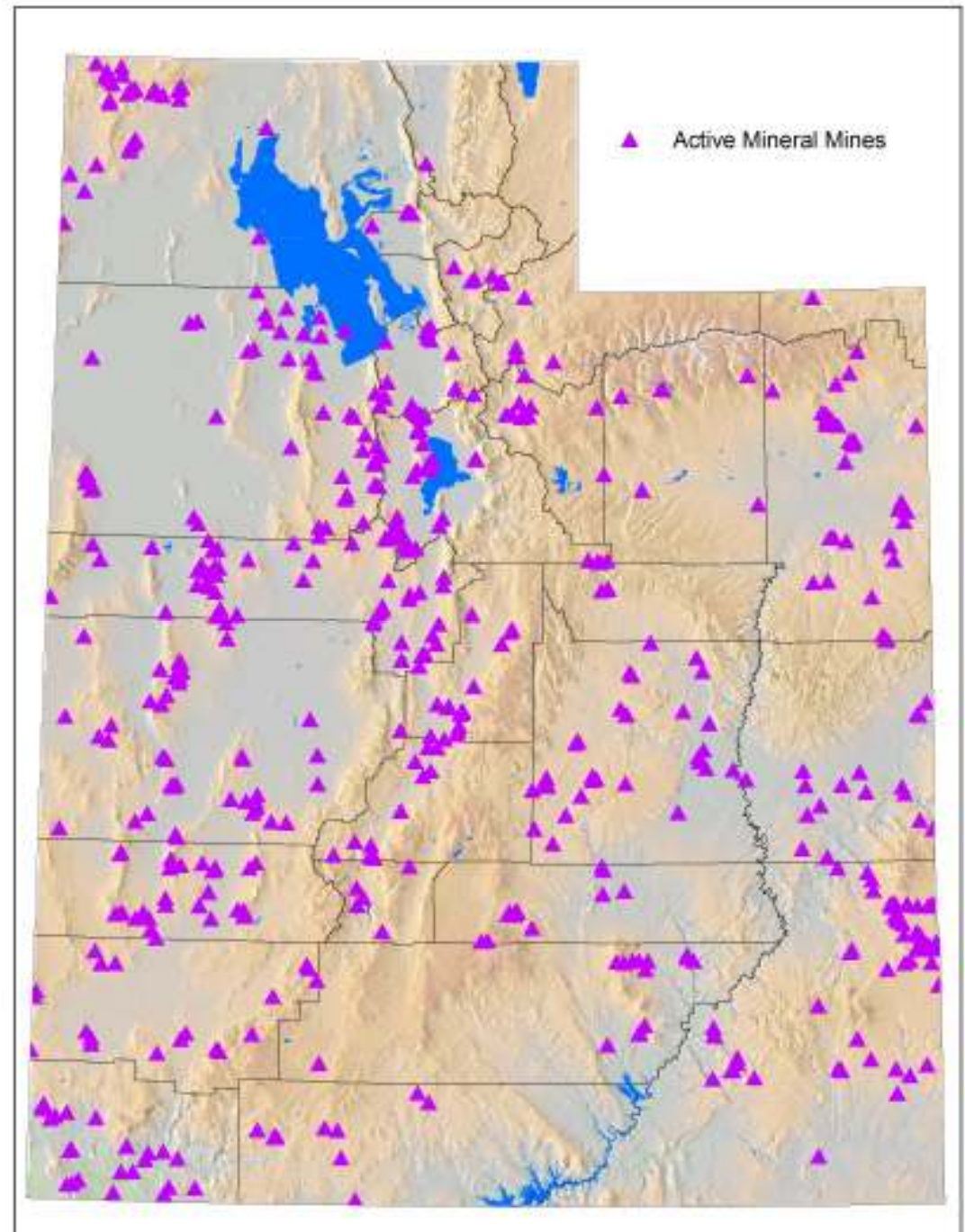
Metal Prices

<i>Commodity</i>	<i>Price Change*</i>
Copper	20%
Molybdenum	-21%
Gold	27%
Silver	27%
Uranium	-2%
Zinc	16%
Lead	16%
Nickel	11%
Iron Ore Pellets	49%
Aluminum	14%
Base Metal Index	17%

*Approximate change from August 2009 to August 2010

Minerals Program

- Exploration
- Small mine - less than 5 acres
- Large mines - 5 acres or more



Abandoned Mine Reclamation

- Secure areas of legacy mining activity from ongoing hazards
- Mine closures, percentage of hazard areas secured:
 - FY2007 **120** 13.0
 - FY2008 **382** 13.1
 - FY2009 **186** 13.2
 - FY2010 **139** 15.2
- Outreach and educational activities – school workbooks, video distribution, calendars and other materials, public event exhibits, public meetings

Items of Interest

- Coal
 - Timeliness of permitting actions
 - Deep coal development
 - Surface and ground water impacts
 - Remaining life and reserves
 - Coal and coal waste processing facilities
- Minerals
 - Small mine bonding
 - Hard rock mining legislation (federal)
 - Hydrocarbon mining – oil shale, tar sands

Items of Interest (cont.)

- Oil and Gas
 - Higher density drilling
 - Surface and wildlife habitat impact
 - Air quality
 - Produced water management
 - Hydraulic fracturing
 - Shale gas development
- Common
 - **Federal land access**
 - Split estate – surface owner conflicts
 - Previously undeveloped lands
 - Potential sage grouse listing
 - Nuisance concerns – noise, lighting, odors, dust
 - Transportation and infrastructure
 - Historic and cultural resources

U.S. DOI – BLM Public Land Statistics 2009

State	Land Total (mil. acres)	Fed. Mineral %
NV	70.26	83.5
ID	52.93	69.0
UT	52.70	66.8
WY	62.34	66.7
AK	365.48	64.8
OR	61.60	55.0
AZ	72.69	49.3
CA	100.21	47.4
NM	77.77	46.3
CO	66.49	43.6

Other public land states listed in Table 1-3 of referenced report: HI, KS, MT, NE, ND, OK, SD, TX, WA, and Eastern States

The background of the slide is a photograph of Antelope Canyon, showing its characteristic smooth, undulating sandstone walls and narrow, winding passages. The lighting is warm and golden, creating a dramatic and textured environment.

Thank You

Utah Division of Oil, Gas & Mining

<http://ogm.utah.gov>

801-538-5340